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ABSTRACT

Many management styles in business and education today are not efficient, however the system of Management By Objectives (MBO) is proving to be successful. An MBO system basically has three parts: plan, implement, and review. In the planning stage the organization's purpose is defined, a mission statement developed, goals set, and objectives written. Criteria for planning objectives include (1) specifically stating what is to be accomplished and by when; (2) listing the result(s) to be accomplished; (3) stating the expected result and activity in measurable terms; (4) complementing or supporting other departmental and organizational goals and objectives; (5) being realistic in terms of available resources; (6) being realistic, but providing challenge and growth; and (7) identifying "must" and "want" objectives and weighing them accordingly. Implementation is accomplished through delegation of tasks and motivation of employees. The last phase consists of a monitoring system of monthly evaluations and a final operational and performance review. MBO provides an organization with a self-directed and dependable function evaluated on accomplishments. (BL)

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MANAGEMENT BY OBJECTIVES--A TOOL FOR ACCOUNTABILITY

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I would like to open my presentation with the caption from a cartoon I saw recently. "Well, so far I've collected money, handled tickets, supervised the lunchroom, monitored the halls, made reports, and if I'm lucky I might get in some teaching today." Even though this relates to teaching, I am afraid that it fits most of us in employment. The point is that we get so busy being busy that we really forget what we are hired to do. Accountability seems to be the word for the '70s. Almost everyone favors evaluation, but no one wants to be evaluated. One of the reasons is that there has never been any predetermined criteria against which to evaluate persons in the education system. This may have been brought about by the many styles of management that are being used today.

One of these styles of management which will be discussed in this paper is management by deadline. Under this style of management, everything is put off until it has to be done, then you have to work like the devil to get it accomplished; slack off until another deadline approaches, then work and get it accomplished; etc. The problem with management by deadline is that it leads to another style of management which is even worse. This is called management by crisis. Management by crisis is a style of management in which the individual spends very little time in planning, and the less time he has for planning, the more fires he has to put out; the more fires he has to put out, the less time for planning, so it perpetuates itself from a lack of planning into crisis after crisis after crisis. A third style of management is management by exception. This is not a bad style of management, and probably more closely represents the style of management that most people use today. Under management by exception there is a trend line that the employee is expected to follow. As long as he stays on that trend line everything is fine, but not being quite sure exactly what he is supposed to be doing, many times he may deviate from that trend line. At the point that he deviates, the manager will step in and

OE 011 929

say, "Hey, you're not supposed to be out doing that, please come back on the trend line." The problem with this style of management is that a lot of time can be lost from the time the employee leaves the trend line until someone brings him back, if he ever gets back on it.

Another thing is that the employee is never quite sure just exactly what he is supposed to be doing, often resulting in loss of job. A negative feeling may be created because of a conflict in what the individual perceives that he is supposed to be doing and what the manager perceives that employee's function to be.

All of us are managers in our area of responsibility. We are decision makers no matter at what level we operate in the organization. The only things that we have to work with in the form of resources are authority, people, and dollars. Whether we realize it or not, all of us, in some form or other, have objectives that we are trying to achieve. Objectives must be measured in quantity, quality, and time. Our job as decision makers is to allocate the resources to achieve the desired objectives. The resources must be proportional to the objectives, and the objectives must be operational, useful, and measurable. As managers, then, we are looking for a style of management with which we are comfortable. Management by Objectives is proving to be successful as a management tool, and if I had to give my presentation a title, I would call it "Management By Objectives - A Tool for Accountability." Let's break down the word and look at what management is. If you look at man, that relates to people, age relates to time, and ment relates to results. By means by or through. Object means to fence in, and ives relates to several. Now that we have it defined, let's look and see how it works. The basic ideas of a Management by Objectives System are these: (1) the better you understand what it is you are trying to accomplish, the greater your chances of accomplishing it; (2) progress can only be measured in terms of what one is trying to make progress toward. An MBO System basically has three parts. They are plan, implement, and review. The one that will take the most time is planning. Since a lot of time is allocated to planning, MBO is front-end loaded, a large quantity of time is spent planning in the beginning but levels off as a plan is put into operation. Many times we suffer from the volcano effect; that is, problems are not handled until they erupt.

The definition of planning that we use is this. Planning is the rational determination of where you are, where you want to go, and how you are going to get there. By graphically representing this, it is not as much of a problem to identify any result that we want to write an objective about. We go back and gather facts to determine where we've been in the past. We plot this to where we are at the present time, and then draw a line through this to represent where we would likely be in the future if everything was held constant. What MBO does for us, however, is to let us look realistically at where we want to go. The difficulty is from where we would have likely been in the future if we didn't change anything to where we'd realistically like to be in the future, and this is the planning gap and where all the strategies must be used. In planning, we must recognize time. Many of us spend a great deal of time in the past. This is unfortunate because we are not able to change the past. Another time frame to be considered is the present. We cannot affect very much what is presently going on; but what we can have a great impact on is the future, so therefore, we should keep in mind FUTURE when we do planning.

Let's go into a little greater detail about the actual operation of the MBO System. First of all, the organization must define its purpose. From its purpose, a mission statement is developed. For example, a mission statement used by the Oklahoma State Department of Vocational and Technical Education is "To educate, train, and guide all persons who seek to develop the knowledges, skills, and behavioral characteristics that are necessary for employment." A mission statement is a prerequisite to a goal. A mission statement is usually derived from a mandate, and a mandate is set forth by law. Laws give us the source of funding used in the actual operation or carrying out of the organization's assigned responsibilities. After a mission statement has been made, the next step is to define the goals of the organization. Goals, as we use them, are defined as broad, general statements of intent, usually not quantifiable. The next step is to write objectives. Objectives are quantifiable. They are short statements of intent, and must be measurable. They should indicate what is to be accomplished and when. This all sounds easy, but let's look at the criteria for objectives. They should:

1. Specifically state what is to be accomplished and by when
2. List the result to be accomplished, and/or the activities leading to a major result. When one reviews the literature, he finds that Management by

Objectives is listed as a result style of management. We are using the word activities because we found that in implementing the system, that the further down the organizational ladder one goes, the more activity oriented objectives become. However, each of these activities have results, so MBO still remains a result style of management.

3. State the expected result and activity in measurable terms.
4. Complement or support the supervisor's objectives, departmental plans, and the long range goals of the organization.
5. Be realistic in terms of available resources.
6. Be realistic, but provide challenge and growth.
7. Identify must and want objectives and weigh them accordingly. Many of us list the want objectives rather than the must objectives because it is much easier for us to do the things that we want to do, and we must be careful to avoid this. There are certain things in the organization that we must do. We should identify these as priorities and carry them out first. There is nothing wrong with want objectives, but we must have the correct order of priority in carrying them out.

At this time let's review and look at some guidance factors of what we have been talking about. The guidance factors for the organizational objectives are missions of the organization, goals, objectives, and mission of the units and their goals and objectives. Organizationally then, what does MBO allow us to do? It no longer makes us responsible for the world. You are responsible for everything that your unit does or fails to do.

Next let's look at the components of an organizational MBO System. A unit's mission statement may be something like this, (for a full-time day program) "To provide entry level occupational training and placement assistance for those who want, need, and can profit by such activities." The goal for this could be to improve placement assistance for individuals in full-time day programs. The next step then, would be to write an organizational objective at the unit level. The unit objective then would be "to implement by 1 January, 1975, a skill accomplished test for the first level of instruction." Up to this point now, we have covered what are called organizational objectives, which are one component of the total Management by Objectives system. Accomplishing this has caused the organization to plan, but yet, the individuals within the organization still do not know

what they are accountable for. So the second part of this system is called work performance objectives, where individuals are responsible for certain job objectives that they must carry out to help the organization to accomplish its overall objectives.

At this time, I would like to examine the work performance objectives phase of the Management by Objectives system. First, it allows the individual to do some planning. In the planning process, we define the job functions of individuals, we derive the job objectives, we develop methods to achieve the objectives, and design the evaluation scheme. The term job functions may be a new word to many of you. I am sure that all of you are familiar with job descriptions. I challenge you to go home and read your job description and tell me exactly what you are responsible for. Usually, you find that job descriptions make you responsible for the universe, and you still don't know specifically what you were hired to do. But, on the other hand, job functions are the major segments of your work or those general areas in which you are held accountable for producing results. The ideal approach for establishing job functions is this: the administrator independently writes the major job functions of the staff member's position. The staff member independently writes his own job functions. The administrator and staff member meet, discuss the job functions, and mutually agree on the content and relative importance of each job function.

In most existing organizations, we find that the first step has been omitted; beginning with the second step, and then the negotiation (the third step) allows the administrator to have an input into the job functions of individuals. This process has worked satisfactorily in existing organizations. An example of a teacher's job functions can be given. Research has indicated that the three major job functions of a teacher are: (1) instructional, (2) administrative tasks, and (3) placement. The next step after job functions then, is to write job objectives for each of the job functions. Job objectives are short statements that define the results expected of a person in each function within a specified period of time. The following is a possible list of personal job objectives. They deal with the function of placement.

1. To develop a list of potential employers by December 15, 1973.
2. To screen the list and identify desirable employers by January 1, 1974.
3. To survey selected business by March 1, 1974, for job openings.

4. To prepare students for interviews by April 1, 1974.

5. To set up interviews for qualified students by May 1, 1974.

This system then, allows the individual to more nearly tailor the job to fit his uniqueness while fulfilling the demands of the organization. This is a process where the individual and the organization negotiate on what the job functions of the individual are and then set those objectives that relate to the job function in order for the individual to achieve the overall organizational objectives relating to his area of responsibility.

Why is this a good system? One major factor is the fact that it is a fair system because the individual has an input into setting the level of achievement and identifying what his particular function is in the organization. A question often asked is, "How do we give recognition to individuals who have difficult objectives versus those that have easy objectives?" This is handled by the following procedure. At the time the individual and the supervisor negotiate the objectives and agree upon them, the level of difficulty is determined on a scale ranging from extremely difficult, difficult, some difficulty, easy, and extremely easy. There is also a place on the form to identify the achievement of the objectives ranging from exceeded, achieved, partially met, little done, no activity. If we gave this an index from extremely difficult 5 to extremely easy 1, from exceeded 5 to no activity 1, then we can see that an individual may have an extremely difficult objective which is an index of 5, he partially met it an index of 3, which gives a total index of 15. On the other hand, an individual may have an objective of some difficulty a 3, he achieved it a 4, which would give only an index of 12. So, recognition is given to individuals who have extremely difficult objectives even though they do not fully meet those objectives. There is nothing wrong with not meeting an objective provided that we can identify why the objective was not achieved. One thing should be clearly pointed out. The benefit of a Management by Objectives system is that it allows us to improve the management of the organization. Only after we have identified why an objective could not be carried out, then and only then, can we start to take steps to improve the situation that caused the problems in achieving these objectives. Without identifying the cause of the problem, very little improvement can be made.

At this time we have completed the planning phase of the Management by Objectives system. The next step is implementation. The only two parts of implementation that I

would like to spend some time with are those of delegation and motivation. Delegation is defined as the act of allowing one's staff to accomplish the assigned tasks. It includes the impartment of the responsibility to achieve job objectives, authority to make decisions required to achieve job objectives, and accountability for achieving job objectives. With proper delegation, we should open the communications channels. No longer do we have everything coming from the top. The leadership for the organizational objectives comes from the top, but the individual has an input into this and it becomes a negotiated circular system of management, rather than a dictorial system of management, and the communications up and down the line should be greater. The leadership for the objectives to be accomplished is passed from the top down to each level of management. At each level, the commitment to the actual accomplishment is reviewed and accepted by the individual and passed back up to the administration. At each level this negotiation takes place and upon completion every individual to the bottom of the organization has negotiated his commitment to the objectives to be carried out for the organization.

Another important aspect of delegation is the fact that an individual can't be accountable for something if he isn't delegated the authority to carry it out. At the time the supervisor and the employee negotiate and review the objectives, the authority for each objective should be delegated so that the individual knows what authority he or she has in carrying out the objective. This can be complete authority, a type of authority called report and act, or another type called act and report. Authority should not be confused with power. The degree of authority that we are talking about is the authority that it takes for an individual to be able to achieve the objectives that have been mutually agreed upon between the administration and the subordinate. Many people, however, feel that when authority has been delegated to them that this gives them the power to become the creator himself. This is not the kind of authority that I am talking about. A rule of thumb that should be used is that an objective should be delegated to the lowest level in the organization in which there are individuals capable of meeting that objective. Another item that might be of interest indicated in the literature is that if an individual is working fourteen to sixteen hours a day, six days a week, he isn't delegating enough.

The second area that I want to talk about in implementation is motivation. Many times we suffer from the central office syndrome. Every boss just knows that all employees

are lazy and untrustworthy. Every employee just knows that the boss is dumb and does not know what is going on. I would like to define motivation as we are using it. Motivation is the activation and direction of behavior, and motivation has to be an internal thing. We don't really motivate people, we provide people motivators. One form of motivation used is the negative approach to motivation--in other words, the stick. This negative form of punishment is not very acceptable nor very effective in a democratic society. However, the one that is, is the positive approach to motivation or the reward type. This is, in effect, where we dangle something out in front of individuals or provide them with the motivators that it takes to entice them to do a good job. I would like to tie this back into Maslow's Hierarchy of Needs. At the time that I first became acquainted with Maslow's Hierarchy of Needs it didn't mean much to me because I couldn't associate it with anything. Only recently, in working with people, have I begun to see how Maslow's Heirarchy of Needs fits into the motivation pattern. Most people in today's society have their basic need for food and water satisfied. Most people are relatively secure. The third need of love and belonging is satisfied. If not, we can do this with the fraternal, social or civic organizations that we belong to.

When we look at what it takes to provide motivators for people, we are up into Maslow's self-esteem and self-actualization needs for individuals. Every individual wants to do a good job. He wants recognition, reputation, prestige, etc. On the other hand, everybody wants to be able to become everything that he is capable of becoming. So when working with people, we have to recognize at what level we need to provide the motivators and provide individual staff those motivators that it takes to motivate them. You can't talk to individuals about what a good job they have because they have two weeks vacation and sick leave, etc.; everyone offers these things today. So again, I would like to emphasize that it is very important to identify what motivators are needed to entice the staff to do a good job. If we provide individuals with the recognition or the motivators that they need, we might stop some of the ego screaming, because the individuals have had an input in the planning and they also have recognition for their accomplishments.

The last phase to be covered is the review development of the Management by Objectives system. This is probably the most important part of the MBO system and when working with people, the one that I fear will most likely cause the organization not to

be able to implement the system. An example is that of the fear factor; the boss is afraid to assist and evaluate face to face, and the employee is afraid to inform the boss of his problems. Simply stated the review process involves looking at the planned accomplishments and the actual accomplishments. Performance review is defined as the evaluation of the performance of each staff member in terms of how well previously established job functions and objectives have been accomplished. There are several factors that should be considered. Have the job functions and job objectives been well defined? Has the individual had an opportunity to perform? Has the individual had the assistance that was necessary? Has there been a reasonable working relationship between the individual and his supervisor? It is important to call your attention to the last item. In conducting a performance review, we want to make sure that we evaluate the individual on the objectives that have been agreed upon mutually by the supervisor and the employee and how well he has achieved those objectives. We don't want to get into the subjective part of the evaluation where we judge people on the way they wear their hair, the association that they may have with other members in the organization, etc. As long as an individual is working in the parameter that has been defined by the organization for the employee to work, then the individual should be reviewed on the merit of how well they have performed according to the objectives that have been mutually agreed upon.

There is a monitoring component to assist with evaluation or some milestones as we go down the line. We believe that there ought to be a monthly evaluation, where at the end of each month, the individual submits a short written report stating the status of his objectives. We recommend that the report be composed somewhat like this. "This is what I did this month that I didn't have scheduled. This is what I didn't do this month that I had scheduled. This is what I plan on doing next month. These are the problems that I have encountered." Then each quarter, we recommend that there be a regularly scheduled quarterly review and that the individual know that he is going through a formal quarterly review. Then we have a yearly review to see how well we have accomplished the objectives that we set forth for this time frame. This monitoring system has been a very effective way to keep the communication channel open throughout the organization. Another aspect of this is that if some objectives need to be changed, or if we see that we are falling behind on an objective, then we have an opportunity to communicate to the next level of administration those changes that need to be made with the status

of the objectives. In order to have an effective Management by Objectives system, it must be flexible. We plan around those things that we know and we recognize that there are going to be external factors that may necessitate changing some objectives. What in the beginning may have appeared to be a good objective under a time frame, may at some point in time during the operational year not be as good an objective as we first identified that it might have been and due to some external factors, the priorities to achieve an objective may change. The monitoring system gives us the mechanism that we need to be able to communicate the status of an objective.

I would like to go back and review the points that have been covered.

1. The organization defines purpose and writes mission statement. Then it writes its goals and objectives.
2. The internal units derive their mission statements and write their goals and objectives.
3. The individual derives job functions and objectives with negotiation with the unit head and
4. We have the monitoring system that is used to check on the status of the objectives.

Another way that we might view this is with a five-step system.

1. organization's mission
2. the organization's goals and objectives
3. the unit's missions, goals, and objectives,
4. the individual job functions and objectives, and
5. the monitoring system.

Everything about the Management by Objectives system isn't peaches and cream. I would like to present some of the major difficulties. First there is a lack of understanding by the supervisors or staff members of what they are supposed to do. After a general orientation, we usually find this to be true. A second difficulty is the failure to follow up and periodically evaluate accomplishments of goals or plans. As stated earlier, this step is the one that I fear most in causing failure of a Management by Objectives system. If we don't follow up and look at the accomplishments, then about the only good that

we can see from a Management by Objectives system is the fringe benefits of planning, but we still may not have accountability. The third major difficulty is that the procedure takes too much time and there is not enough time available. Well, the system does take a lot of time, but one of the things that we have been guilty of in an educational environment is not putting enough time into planning. We always are going from crisis to deadlines. If we take the appropriate amount of time that it would take to plan and to set up things, then the organization would be operating much smoother. So, looking at it from the standpoint of planning, it probably does not take too much time. The fourth, is the lack of cooperation by supervisors and resistance to change. I would like to raise a question. Do you resist change? Well most of you would indicate that you do resist change, and I propose that you do not resist change, but you resist being changed, because change is probably the only thing that we have constant in today's society.

Why do you resist change? One of the reasons relates to one of Maslow's Heirarchy of Needs. When you feel secure in doing things that you know how to do well, you are afraid of change. Something new scares you a little bit so you resist it. Another question. How is anything ever made better? By changing it. Nothing that I know of has ever been made better unless it was changed. Now, I don't imply change for the sake of change; but if, after doing planning, we see that a change needs to be made, then we are not going to be able to make anything better unless we do some changing. Again, not change for the sake of change. The fifth and last difficulty is just plain old lack of interest or apathy. In any organization that you work with, one or two percent of your employees will be apathetic towards the Management by Objectives system. There will be no interest expressed, so you have to recognize this when dealing with people inside the organization.

In summary, what will MBO do for you? (1) It forces you to look realistically at your job. (2) It provides feedback on how well you are doing your job. (3) It establishes priority for your efforts. (4) It allows you to accept responsibility. (5) It may attach dollars to activities. In summary, the organization has a self-directed and defendable function evaluated on accomplishments.

I would like to close my formal presentation with this quote: "We could say everything is going according to plan if we had a plan."